

# OPEPE FARM TRUST

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ANNUAL GENERAL MEETING  
14 December 2019





# AGENDA

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# 2018 AGM MINUTES

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**Name:** Opepe Farm Trust

**Date:** Saturday, 15 December 2018

**Time:** 10:00am to 12:48pm

**Location:** Pakira Marae, 3 Pakira Place, Waitahanui, Taupo

**Trustees:** Temuera Hall (Chair), Charlotte Severne, Heemi Biddle, Ngahere Wall

**Attendees:** Brad Tatere (Trust Advisor), Tia Greenaway (Associate Trustee), Vernon Rameka (He Akina Manager), Saron Rameka (Minute Taker).

**Apologies:** William Wall

**Meeting opened:** 10am  
**Karakia:** Reg Tahau

Ngahere Wall welcomes whanau. Temuera Hall welcomes whanau to Pakira Marae and outlines the agenda.

Heemi Biddle takes apologies and then acknowledges Opepe Farm Trusts external support networks and partners.

## Apologies

Apologies are recorded in the apologies register.

Names also taken from the floor to be added to the apologies register.

### RESOLUTION

That the apologies are received as per the apologies register.

**Moved:** Christine Biddle

**Seconded:** Elizabeth Clarke

**Carried.**

## AGM Minutes 2017

Matters arising from the 2017 AGM minutes:

Opepe Farm Trust is thanked for the Tangihanga Grants. It is also confirmed that the grant has since increased to \$500.

Leeane Morton enquires about the impact Fonterra has on Trust business, and wonders if the Trust is relying too much on forestry (as opposed to farm). This question is to be addressed during the Farming Report.

## RESOLUTION

That the minutes of the previous AGM held on 16 December 2017 be confirmed as a true and accurate record of that meeting.

**Moved:** Nachele Griffiths

**Seconded:** Te Awhina Marshall

**Carried.**

## Chairmans Report

Temuera Hall presents the Chairmans Report highlighting the following topics:

Opepe Farm Trust (OFT) has relationships with Lake Taupo Forest Trust, Tauhara Middle 15 (Tauhara North Block), Tauhara Middle Lands Trust, and Te Pae o Waimihia. The benefits of working with related Trusts is emphasised.

OFT strategies are summarised, as are the Maori values which are the motivating factor for the protection of taonga (land and lake).

The Trust is mindful of its carbon footprint and seek to be leaders in environmental protection.

Acknowledgements to William Wall whom has resigned from OFT due to other commitments.

He is thanked for the service he provided during his time with the Trust.

With the resignation of William Wall, there is now a vacancy in the Trust to be filled.

A few years ago the owners approved for the next associate Trustee to come up.

Charlotte Severne recently became Te Tumu Paeroa Maori Trustee and Chief Executive therefore the thought that may have to resign from OFT.

Charlotte petitioned to the Court and approved to continue on OFT.

The Trust is looking to appoint a General Manager for the group.

It has been advertised, and whanau are encouraged to apply.

Temuera briefly speaks on the profit for the year.

## Floor responses:

Nachele Griffiths - really glad to hear we are working with our own. Thinks outside expertise is necessary as a lot is at stake.

Temuera speaks on innovation and risk. OFT has chosen to join collectives to share in research costs and to limit risk while looking into ventures (ie Hemp).

Hohepa Karaitiana believes traditional farming is going out the window and is mindful of the future population growth. Congratulates the Trust on their forward thinking.

Anne Clarke concerned about the Tauhara 12 Trust urupa.

Heemi Biddle confirms OFT has no part in that kaupapa.

## RESOLUTION

That the Chairmans Report be received.

**Moved:** Aroha French

**Seconded:** Leanne Morton

**Carried.**

## Farming Report

Brad Tatere presents the Farming Report.

An overview of current operations is presented with three streams.

Sheep and lamb (implementation of the beef strategy, environmental policies, land leases, development and satellite sheep and beef yards).

Dairy (productivity, operating model, calf rearing facilities, NDAs, pylon paddocks).  
Manuka (14.7ha of kanuka, 72.5ha of manuka, test hives, successful MPI bid, 2019 plan).

The 2018 season was rewarding with interest of \$2.7m (\$1.1m up on the previous year).

Brad refers to the Fonterra Payout graph and explains strategies to mitigate the ups and downs in prices.

Manuka - there are quite a few different varieties of manuka planted and this coming year they will be tested to ensure OFT have the right type of manuka for the environment.

Acknowledgements to Farm Managers Leighton Swan, Brady Sloss and Whetu Johnson for their hard work.

Farm supervisors Mark Johnson and Clinton Hemera whom do a fantastic job. Vernon Rameka and the He Akina team for their hard work.

## Floor response:

Anne Clarke enquires about the forestry lease.

Heemi Biddle explains how Lake Taupo Forest Trust lease OFT land. OFT receive lease payments every year, and a carbon payment.

Anne thanks the trustees.

Aroha French speaks of Trump, China trade and NZ exports. We are at the whim of the markets.

Brad replies there is little control we have over these things, but we can run at low cost/low debt levels and have a broad portfolio.

John Rameka enquires if the manuka seeds are local.

Peter State acknowledges the staff.

## RESOLUTION

That the Farm Report be received.

**Moved:** Messy Whatu

**Seconded:** Peter State

**Carried**

## Financial Report

Vernon Rameka presents the Financial Reports.

Vernon begins by introducing He Akina and explains how OFT has a 33% share of He Akina.

The financial performance and operating performance are presented and shown to be very positive with an increase in profit and total revenue.

Diversification across the farm has been successful with a very strong financial performance.

Vernon shows the positive cashflow for 2018 and explains how debt was able to be repaid.

Investments dropped slightly as Fonterra shares were sold and the money used to pay debt.

The financial position is presented with an increase in assets \$58.4m (\$57.0m in 2017), decrease in debt \$3.1m (\$4.6m in 2017), increase in net worth \$55.3m (\$52.4m in 2017).

### **General comments:**

Temuera Hall speaks about the Tuwharetoa Settlement Trust (TST). The verbal agreement (Trustee agreement) with TST is to try and keep this matter out of court. Whatever the future agreement/outcome the OFT trustees need the support and approval of the OFT owners.

On the financial reports it is explained the Parent is the financial activities of just the Trust, and Group is the Trust and the General Partnership.

Anne Clarke is concerned about the investments as she wants putea. Temuera mentions the Fonterra shares, now they are sold we need to look at more investments to build that portfolio back up.

The farm is still Maori land.

Charlotte Severne speaks on \$100,000 regarding global colonisation and agriculture. The research we are doing is so we capitalise quicker on future investments.

Marleen Timms wants Trustees to look at returns for Kaumatua.

Unclaimed dividends (in financial statements) are not allowed to come off the balance sheet but there is no record of who they belong to. It HAS to be recorded by the auditors every year, but that money cannot be touched. It cant be advertised in the paper as there are no names.

Faye Walker asks if we use the unclaimed money and have it was passed through the owners to use the money for marae for example.

Temuera confirms we will go back to the Maori Land Court to try and resolve the unclaimed money.

Nachelle Griffiths would be in favor for that money to invest to grow putea for grants.

The Tauhara Properties Ltd Partnership is explained as a 50/50 joint venture with Te Pae o Waimihia Trust.

Ngatoru Wall wants Trustees to consider distributions back to the marae.

Aroha French would like Trustees to provide grants to Kaumatua and tautoko grants to marae.

The Trustees will look to compliment other Trust grants so not to double the costs. They are in favor of distributing grants and will work closely with what is currently out there.

## RESOLUTIONS

That the audited Financial Report for the year ending 30th June 2018 is received.

**Moved:** Christine Biddle

**Second:** Barbarina Ham

**Carried**

To re-appoint Crowe Howarth Chartered Accountants as Auditor for Opepe Farm Trust.

**Moved:** Anne Clarke

**Second:** Moana Thompson

**Carried**

## Looking at the year ahead

### Structure

Charlotte Severne presents the organisational structure and operating structure including Trust operations, farming operations, joint ventures, and partnerships.

## Social & Cultural Aspirations

Charlotte presents the Social and Cultural Aspirations.

Opepe Farm Trust wants to employ our own and to do so, need to look at ways to get the rangatahi more involved. Lake Taupo Forest Trust for example, takes rangatahi on trips and this is a practice Opepe needs to look at to get more whanau on the farm developing knowledge, skills and experience.

## Opepe Urupa

Heemi Biddle speaks on the urupa progress.

The Reservation Trust is to manage the urupa.

There is no lock on the fence. The office still needs to be advised when people are on site for health and safety.

## Questions from the floor:

Hare Wilson (Kiriwera Whanau Trust) says that when Eric Tahau first gave the land it was stipulated it should be fenced. Now there are cows running through it and the land is full of totara trees. He expressed his distress at the state of the urupa, saying it is shocking and lacks access.

Faye Walker thanked the Trustees for the urupa progress.

Hine Te Ata (Anne) supports the other urupa being done. Enquires if it is an option to go to the historical records in Wellington regarding unclaimed dividends. Would like to see investments into rangatahi.

## Whakarakei Whenua

Ngahere Wall presents Whakarakei Whenua.

Ngahere speaks on the 100 year vision, zero carbon footprint, optimal land use options (which are financially viable and environmentally sustainable), planting programmes, and collaboration with owners. Feedback is welcomed from the owners.

## Our People

Ngahere Wall presents 'Our People' and 'Building Capacity' .

Opepe Farm Trust have been working on strategies to build tamariki by exposing them to on-farm experiences from a young age. The Trustees believe that through linking whakapapa, creating fond memories, developing after-school programmes/internship/mentoring programmes will encourage rangatahi into specialist careers.

## Floor response:

It is mentioned that epiculture (bee hives) should be included.

Jocelyn Ngamotu tautoko the rangatahi initiatives.

## Putea/Grants

Would like trustees to do homework regarding distributions by other trusts, to avoid unnecessary administration costs.

Charlotte is of the view that internships would be Opepes strength and supports working with other Trusts.

Tama Wall supports the plan to build capacity and queries if rangatahi would be guaranteed a job on completion.

Ngahere replies that this strategy is to create a wealth of expertise from our own whanau for selection in all of our Trusts.

## General Business

C K Honey thanks the Trust for the financial improvements and queries about the manuka planting. He also asks the Trustees to consider solar power and growing pumpkins.

Temuera confirms one outfit went to OFT last year and they will put the hives on the land this summer to test the manuka. This is the first year with hives on the land.

A request to the Trustees to consider investing in a rest home in Turangi.

John Rameka wants a tangihanga herd for owners and decendants.

Temuera Hall closed the meeting at 12.48pm.





# TRUSTEES REPORT



## Nga Whanonga Pono o Opepe Opepe Values

### WHAT CONSTITUTES RETURN (UTU)?

**Ka utua tō mauri:** Given, felt, or done in return

Care for and give back to the local communities.

Repay the special nature (life force vital essence).

Identify what are the key drivers to success and

repay the source: people, clients, environment, communities.

### WHAT CONSTITUTES WAIRUA (SOUL/SPIRIT)?

**Ka honotahi tō wairua:** Complementary and collected

Combining in such a way as to enhance or emphasise the qualities of each other or another; sharing wealth.

Connect, bring together as one your spiritual essence.

Core principles and values extend beyond physical and material gain.

### WHAT CONSTITUTES WHENUA (LAND)?

**Whanaungatanga tō ao:** Relational, interconnected world.

Land does not exist by itself and is best considered as part of an ecosystem; thus, display connectivity and value relationships.

Understand all your relationships: internal and external, commercial, social, environmental and cultural. Have a relationship with and care for all aspects of your environment.

Inputs, outputs, environmental and social, tangible and intangible, such as behaviours and values.

Does the land user display a relational behaviour? Do they measure, manage and mitigate their environmental and social impact? This is consistent with principles of circular economy and zero cost accounting.

### WHAT CONSTITUTES TÄNGATA (PEOPLE)?

**Whakatau tō kaha:**

Consensual – collective power

People are part of the relational ecosystem.

Acting with integrity, harnessing your strength. Understand the collective strength across the business. Manage, sustain and share those strengths. Understand what is working well and why. Apply the learning elsewhere.

### WHAT CONSTITUTES **WAIORA** (WELLBEING)?

**Kia kawa tö ora:** Cyclical behaviour leading to success

Occurring in cycles; recurrent, leading to long term sustainable growth potential. Protocols and policies around what is considered successful beyond financial success. Celebrate and acknowledge success.

Encourage successful behaviours and practices: phase out waste and pollution; identify and demonstrate environmental reduction targets. Ka mimiti (reduce), ka tukurua (reuse), ka whakahou (regenerate).

### WHAT CONSTITUTES **HINENGARO?**

**Hümärie tö mārāma:** Harmony and collective understanding

The state of being in agreement or concord; the quality of forming a pleasing and consistent whole. Display a willingness to change, adapt and engage new technologies.

Be good natured, genial and beautiful. Be clear and transparent, displaying honesty and integrity, with clear communications. Be conciliatory and collaborative in negotiations so that situations can be win-win for everyone wherever possible.

## Te Rerenga Korero o ng Kaitiaki - Trustees Report

Ka rere ano te karearea ki te tihi o Tauhara, he tohu oranga mo nga hapu o te Hikuwai, aro mo te Iwi.

The two primary responsibilities of trustees are; 1) Ka tiakina te Taonga-tukuiho, 2) Ka hikitia te mana me te mauri o nga tangata o te whenua. (Protect the land and improve the well-being of the people of that land).

The farming industry is under increasing pressure particularly within the environmental issues of climate change, water use/quality, bio-diversity and more. Changing consumer food preferences, rapid technological changes along with legislative changes drive constant planning modifications, systems reviews and compliance appraisals.

### Environmental

Nearly half of New Zealand's greenhouse gas emissions come from agriculture. The main source of agriculture emissions is methane from livestock digestive systems. It makes up almost three quarters of our agriculture emissions. The next largest source is nitrous oxide from nitrogen added to soils, followed by manure management.

The Lake Taupo nitrogen discharge limitations, Waikato river Waiora kaupapa and limited water allocation present a number of challenges for our farming practices and land use. Through the retirement of marginal farming areas with conversions to manuka

and native forest plantations we are concentrating the farming footprint to the more productive parts of the farm and decreasing our carbon footprint.

We are investigating the potential of regenerative agriculture. This has the potential to improve soil and pasture quality by also removing chemical fertilizers and reducing nitrogen run off. The dairy units have state of the art wastewater and effluent capture systems designed to minimize water and use reuse effluent waste to benefit the environment.

The Government has decided to put a price on agricultural emissions from 2025. Pricing will be at farm level for livestock and at processor level for fertiliser. To reduce agricultural emissions and to make sure that the emissions pricing scheme workable and effective, the Government plans to develop a joint action plan with iwi/Maori and the agriculture sector and enter into a formal agreement based on the Primary Sector Leader Groups proposal, He Waka Eke Noa: A Primary Sector Climate Change Commitment. These new regulations in the agricultural sector that will lead to increased pressure on farming systems and operating costs.

## Consumer Food Preferences

Consumers are becoming more environmentally aware and health conscious. This is seen in the rapid growth and acceptance of the vegan and organic markets. Plant based proteins and lab grown protein products are expected to compete with

conventional farmed animal proteins. The shift to alternative proteins is being promoted and a means to reduce agriculture emissions. We are investigating alternative land use and investment opportunities to take advantage of this consumer shift, while improving the efficiency and sustainability of our current farming operations.

## Technological Changes

The fourth industrial revolution is upon us and agriculture technology is developing rapidly, in particular automated machinery, robotics and smart info tech supported by artificial intelligence. We need to understand what this means, where things are headed and how our Trust can assist of our whanau, hapu, marae and other land Trusts in preparation for this rapidly changing landscape.

The trustees are committed to continuous improvement in environmental planning and management. We have participated in a leading research project named He Whenua Tipu; Transformation of Maori Agribusiness and the 4th Industrial Revolution and have sign up to Environmark an environmental management accreditation program.

## The Future Outlook

Your trustees have been striving to ensure we remain up to date within and ahead of the curve in best practice management, technology implementation and development of the

whenua. In the face of these challenges we are looking deeper to our imbedded cultural values to find solutions and drive sustainability.

Through our 'Whakarakei Whenua' program, we believe we can develop into a carbon zero farm, produce kai for our owners and marae and continue to improve distributions while maintaining a sustainable and efficient farming business.

We see future growth through partnerships based upon strong value-based relationships.

We look to maintain and grow our existing partnerships with Te Pae o Waimihia, Lake Taupo Forest Trust,

Tauhara Middle 15, Tauhara Maunga, Tauhara Middle Lands and Tauhara Moana Trust. We also plan to develop new relationships and partnerships to grow and prosper upon a strong cultural and sustainable base.

Me haere tahi tatou i runga i tenei haerenga. (We must travel together as one on this journey)

Mauri Ora



Temuera Hall  
Chairman



# FARMING REPORT



## On Farm Dairy Report

The 2018/19 season has been a challenge, both climatically and operationally. The integration of the Dairy and Drystock operation, while in its infancy, is working well.

The farm system involves the Drystock unit purchasing up to 700 empty dairy cows per year, mating for both autumn and spring calving, then selling the in-calf cows to the dairy units. The aim is for the dairy units to rear 1500 beef calves, to sell back to the Drystock unit.

This enables the business to be fully self-contained, limiting exposure to the likes of *Mycoplasma bovis*.

The season started well, but a lack of rain from mid-January resulted in very low soil moisture levels, as shown in the graph below. Essentially from Mid-January to the end of March, rainfall was non-existent. While our farm system has been developed to cope with adverse weather events, milk production will always be compromised in severe weather events.



As a result, milk production fell short of the targeted 840,000 kgMS, producing 754,724 kgMS or 10% down on target. The result was also affected by performance issues with the 901 Dairy unit Manager, which following due process, resulted in a change of Farm Manager. Greg Wood has now joined the team as 901 Dairy Manager, with Leighton Swan managing the 902 dairy unit.

We are fortunate to be in a relatively stable milk price cycle. Milk price for the 2018/19 season finished at \$6.35/kgMS, the third straight year with milk price above \$6.00/kgMS. The good news continues, with milk price for the 2019/20 season looking even better, expected to be close to \$7.50/kgMS.

Your Board has been utilising milk price futures, to manage milk price volatility to good effect. Te Ara Miraka, the five pou developed to demonstrate farming excellence, continues to be a strong focus for the business, with 901 scoring 73/100 and 902 scoring 85/100.

Kaitiakitanga is at the forefront of our minds, and over the past year the business has retired 42.1 hectares of gullies, that will be planted in due course. This has allowed 70 hectares of unimproved brown top land to be developed to the east of 902 dairy unit, which is more suitable for dairying.

Throughout the project, Waikato Regional Council has been involved to ensure best management practice was achieved. The result is a win-win outcome, allowing a better class of land to be developed while retiring land that is best suited to trees/ bush.

## Farm Statistics

Stock Numbers	Cows and In-calf Heifers		Beef Cattle		Sheep		Staff Numbers
	Jun-18	Jun-19	Jun-18	Jun-19	Jun-18	Jun-19	Jun-19
Dairy	2073	2123	646	730			16
Drystock	713	476	1	841	7637	7767	3

Land Area - June 2019			Hectares
Total Area (Opepe and Lease Blocks)			5,910
Non-Pastoral	42%	Forestry	1,350
		Manuka/Kanuka	100
		Retired/Non effective	1,050
Pastoral and Cropping	58%	Dairy	870
		Sheep & Beef	2,540

## On Farm Sheep and Beef Operations

2018/19 saw the beginning of the Boards strategy to have a greater focus on red meat production. Three main events occurred during the year as part of this strategy:

840 calves were purchased from the dairy unit through the year and all these cattle were retained at year end.

520 dry dairy cows were purchased and mated to bulls suitable for beef production. These cows helped provide replacements to the dairy unit and will provide beef x dairy calves for the next year.

At the end of the year the drystock unit started farming the Tauhara Maunga lease blocks of Tauhara Middle 15 and Tauhara North. These two blocks will provide approximately 500ha of land suitable for growing cattle.

As a result of these changes the drystock unit was farming 7,600 sheep and 1,300 cattle at the end of the year which was an increase of approximately 600 cattle from the beginning of the year.

Sheep also continue to be an important part of the red meat focus. The sheep policy is going through a slight rebuilding stage with the focus primarily on re-lifting the flocks reproductive performance. Again three main areas are being focussed on:

Lambing does not start until 1st October to be more in line with the timing of the spring pasture growth at Opepe;

New genetics were introduced into the flock. The daughters of the new rams had their first lambs in 2018;

Replacement ewe lambs being grown into very good quality two-tooths.

It was another good year for lamb and mutton prices with just over 7,500 lambs and ewes sold at average of \$132.

Supporting the dairy unit remains a key business activity on the drystock unit. 355 R2 replacement heifers had been grazed during the year and went back to the dairy unit and the next group of 428 R1 replacement heifers were taken on for the next grazing arrangement.

## Bio-Security

This continues to be a major focus for the farming operation. The new red meat focus with calves being retained from dairy unit means very few animals are purchased from external sources.

Rams and any lambs purchased go through veterinary advised quarantine treatment processes as they come onto the drystock unit. For cattle there are only some dairy cows purchased externally. These also go through a veterinary advised quarantine treatment process.

As an added measure these dairy cows are also kept separate from Opepes other cattle for a number of weeks by first being farmed on the Tauhara Middle Lands Trust lease block at the Airport.

These protocols and the property visitor rules have so far protected Opepes disease free status. However the M. bovis challenge does continue on a nationwide basis and while MPI appear to be holding the incidence level of M. bovis it is not clear whether they are actually winning the fight.

## Looking Ahead

The Board recently initiated a review of the drystock farming operation.

Overall the feed back on the operation was positive but the review did identify several areas that need increased focus to get the targeted gains from the new strategic direction.



This included continuing to support our staff resource, obtaining improved weight gain performance of the young cattle, bringing the Tauhara Maunga lease blocks into the operation efficiently, and meeting our Lake Taupo catchment nitrogen restrictions while still continuing to grow the performance from the overall farming business.



# FINANCIAL REPORT

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## OPEPE FARM TRUST


Consolidated Special Purpose Statements  
For the Year Ended 30 June 2018

<b>Nature of Business:</b>	Farming and Forestry
<b>Locations:</b>	- Farm Opepe Farm Trust - State Highway 5, Taupo - Business 63 - 65 Waikato Street, Taupo
<b>Managing Trustees:</b>	Temuera Hall Heemi Biddle Dr Charlotte Severne Ngahere Wall William Wall (Resigned 25 November 2018)
<b>Bankers:</b>	Bank of New Zealand, Taupo
<b>Solicitor:</b>	Morrison Kent
<b>Auditors:</b>	Crowe New Zealand Audit Partnership
<b>Accountant:</b>	He Akina Limited

The Trustees present their annual report, including the financial statements of the Trust for the year ended 30 June 2019.

For and on behalf of the Trust:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

03-12-2019  
\_\_\_\_\_  
Date

	Note	Group		Parent	
		2019	2018	2019	2018
<b>Surpluses (Deficits) From Operations (excl. Depreciation &amp; Finance)</b>					
Taupo Operations					
Dairy Unit Surplus (Deficit)		1,655,885	1,944,877	-	-
Drystock Unit Surplus		637,027	1,681,354	-	-
Other Income		(11,072)	81,348	(11,074)	78,325
		<u>2,281,841</u>	<u>3,707,579</u>	<u>(11,074)</u>	<u>78,325</u>
Property Surplus		73,937	71,850	73,937	71,850
Farm Lease		-	-	1,421,952	1,421,952
Forestry Activities		237,510	214,692	237,510	214,691
	2	<u>2,593,287</u>	<u>3,994,120</u>	<u>1,722,325</u>	<u>1,786,818</u>
<b>Surplus/Deficit From Investment Ventures</b>					
He Akina Limited - Share of Surplus		4,179	-	-	-
Tauhara North Block: Surplus Excluding Revaluations		61,328	64,611	41,401	43,745
Tauhara Properties Limited Partnership Surplus/(Deficit)	12	47,000	43,003	47,000	43,003
		<u>112,507</u>	<u>107,614</u>	<u>88,401</u>	<u>86,748</u>
<b>Less Administration &amp; Governance Costs</b>					
Administration Expenses		349,930	374,751	87,943	104,438
Audit Fees		27,881	24,112	27,881	24,112
Governance and Secretarial Expenses		178,531	153,717	178,531	153,717
		<u>556,342</u>	<u>552,580</u>	<u>294,355</u>	<u>282,267</u>
<b>Surplus Before Change in Value of Livestock Held, Depreciation, Interest &amp; Finance Costs</b>		2,149,452	3,549,154	1,516,370	1,591,299
<b>Plus (Less) Change in Value of Livestock Held Holding Gain (Loss)</b>		(252,354)	517,073	-	-
Less Depreciation and loss on disposal adjustments		798,370	732,865	564,491	520,663
Less Interest & Finance Costs		52,094	216,741	52,094	112,475
		<u>1,046,633</u>	<u>3,116,621</u>	<u>899,786</u>	<u>958,161</u>
<b>Appropriations</b>					
Koha, Donations & Grants		95,669	49,030	95,669	49,030
<b>Operating (Loss)/Surplus Before Taxation</b>		<b>950,963</b>	<b>3,067,591</b>	<b>804,117</b>	<b>909,131</b>
Income Tax Expense	8	191,180	388,214	191,180	388,214
<b>Operating (Loss)/Surplus After Taxation</b>		759,783	2,679,377	612,936	520,917
<b>Surplus Attributable to Minority Interests</b>	5	10,350	10,936	-	-
<b>Net (Loss)/Surplus Attributable to the Parent Trust</b>		<u><b>749,433</b></u>	<u><b>2,668,441</b></u>	<u><b>612,936</b></u>	<u><b>520,917</b></u>

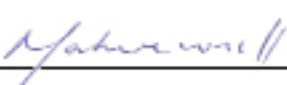
	Notes	Group		Parent	
		2019	2018	2019	2018
<b>Equity At Beginning of Year</b>		<b>55,355,801</b>	<b>52,412,765</b>	<b>51,011,606</b>	<b>50,203,783</b>
Movements in Asset Revaluation Reserve					
Earnings	5	135,267	259,660	130,133	258,906
Capital Gains on Sale of Assets	5	71	28,000	71	28,000
Distribution to Minority Interest Partners	5	(11,000)	(24,001)	-	-
Net Surplus/(Deficit) Attributable to:					
- Parent Trust Shareholders	5	749,433	2,668,441	612,936	520,917
- Non-controlling Interests	5	10,350	10,936	-	-
<b>Equity at End of Year</b>		<b><u>56,239,923</u></b>	<b><u>55,355,801</u></b>	<b><u>51,754,747</u></b>	<b><u>51,011,606</u></b>



	Notes	Group		Parent	
		2019	2018	2019	2018
<b>Current Assets</b>					
Cash and Bank		556,870	2,312,061	169,721	379,974
Accounts Receivable & Prepayments		2,137,145	1,216,976	124,581	71,805
Livestock	3	5,864,885	5,796,420	-	-
Taxation Receivable	8	90,237	-	90,237	-
Manuka Kanuka Project		320,184	274,290	320,184	274,290
Milk Futures Derivatives	4	-	182,040	-	-
Stores & Produce on Hand		402,505	307,541	254	3,932
<b>Total Current Assets</b>		<b>9,371,826</b>	<b>10,089,328</b>	<b>704,978</b>	<b>730,001</b>
<b>Non Current Assets</b>					
Property, Plant and Equipment	10	46,855,204	45,832,214	42,284,770	41,394,564
Investments	12	2,649,697	2,518,154	2,441,502	2,323,044
Loans to Subsidiaries	13	-	-	3,023,078	3,814,748
Investments in Subsidiaries	14	-	-	4,928,591	4,929,426
<b>Total Non Current Assets</b>		<b>49,504,901</b>	<b>48,350,368</b>	<b>52,677,942</b>	<b>52,461,782</b>
<b>Total Assets</b>		<b>58,876,727</b>	<b>58,439,696</b>	<b>53,382,920</b>	<b>53,191,783</b>
<b>Current Liabilities</b>					
Accounts Payable & Accruals		752,622	1,038,966	149,031	135,248
Milk Futures Derivatives	4	5,040	-	-	-
Taxation Payable	8	-	260,787	-	260,787
Current Portion Tem Liabilities	6	1,049,552	-	1,049,552	-
Unclaimed Dividends		429,590	429,590	429,590	429,590
<b>Total Current Liabilities</b>		<b>2,236,804</b>	<b>1,729,343</b>	<b>1,628,173</b>	<b>825,625</b>
<b>Non Current Liabilities</b>					
Term Loans	6	400,000	1,354,552	-	1,354,552
<b>Total Non Current Liabilities</b>		<b>400,000</b>	<b>1,354,552</b>	<b>-</b>	<b>1,354,552</b>
<b>Total Liabilities</b>		<b>2,636,804</b>	<b>3,083,895</b>	<b>1,628,173</b>	<b>2,180,177</b>
<b>Net Assets</b>		<b>56,239,923</b>	<b>55,355,801</b>	<b>51,754,747</b>	<b>51,011,606</b>
<b>Equity</b>					
Attributable to Parent Trust Shareholder	5	55,535,978	54,651,206	51,754,747	51,011,606
Attributable to Minority Interest	5	703,945	704,595	-	-
<b>Total Equity</b>		<b>56,239,923</b>	<b>55,355,801</b>	<b>51,754,747</b>	<b>51,011,606</b>

For and on behalf of the Trust:

  
 \_\_\_\_\_  
 Trustee

  
 \_\_\_\_\_  
 Trustee

03-12-19  
 \_\_\_\_\_  
 Date

Notes	Group		Parent	
	2019	2018	2019	2018
<b>Cash Flow From Operating Activities</b>				
Receipts from Customers	6,892,122	7,728,273	1,942,732	1,907,112
Forestry Grants Received	-	97,698	-	97,698
Interest and Dividends Received	3,863	2,657	14	198
Payments to Suppliers and Employees	(6,497,614)	(4,921,143)	(541,294)	(389,638)
Income Tax Paid (Refunded)	(542,204)	(152,405)	(541,505)	(152,397)
Interest Expense	(60,852)	(111,032)	(53,764)	(110,806)
Cash Cost of Financial Derivatives	202,965	(285,780)	-	-
Donations/Koha/Marae Grants	(89,040)	(52,963)	(89,040)	(52,963)
Cash Inflow/(Outflow) from Operating Activities	<b>(90,760)</b>	<b>2,305,305</b>	<b>717,143</b>	<b>1,299,204</b>
<b>Cash Flow from Investing Activities</b>				
Sale of Property, Plant & Equipment	92,983	13,408	-	-
Sale of Shares	-	728,241	-	727,996
Acquisition of Property, Plant & Equipment	(1,878,152)	(536,278)	(705,518)	(319,958)
Acquisition of Shares	(2,385)	(16,090)	-	-
Distribution from Tauhara Properties LP	54,321	83,422	54,321	83,422
Capital Contribution - He Akina Ltd	(13,435)	(10,350)	(13,435)	(10,350)
Funds Repaid From Opepe Farming LP	-	-	-	457,807
Funds from Tauhara Middle 15 Partnership	-	-	44,000	96,000
Funds to Opepe Aquaculture Limited	(1,764)	(460)	(1,764)	(460)
Net Cash Inflow/(Outflow) from Investing Activities	<b>(1,748,432)</b>	<b>261,893</b>	<b>(622,396)</b>	<b>1,034,457</b>
<b>Cash Flow from Financing Activities</b>				
Term Borrowings Drawdown/(Repaid)	95,000	(2,075,801)	(305,000)	(2,075,801)
Funds from (to) Minority Interests	(11,000)	(24,000)	-	-
Net Cash Inflow/(Outflow) from Financing Activities	<b>84,000</b>	<b>(2,099,801)</b>	<b>(305,000)</b>	<b>(2,075,801)</b>
<b>Net Increase/(Decrease) in Cash Held</b>				
	<b>(1,755,192)</b>	<b>467,397</b>	<b>(210,253)</b>	<b>257,860</b>
Add Cash/(Overdraft) at Start of Year	2,312,061	1,844,664	379,974	122,114
<b>Cash at (Owing to) Bank at End of Year</b>	<b>556,870</b>	<b>2,312,061</b>	<b>169,721</b>	<b>379,974</b>
<i>Closing cash and cash equivalents balance made up as follows:</i>				
Cash and Bank	556,870	2,312,061	169,721	379,974
<b>Cash at (Owing to) Bank at End of Year</b>	<b>556,870</b>	<b>2,312,061</b>	<b>169,721</b>	<b>379,974</b>
<b>Reconciliation of Profit with Net Cash Flow from Operating Activities</b>				
Operating (Loss)/Surplus After Taxation	759,783	2,679,377	612,936	520,917
Add Back (Deduct):				
Depreciation Adjustments	798,369	732,865	564,491	520,663
Movements in Livestock on Hand	(68,465)	(1,343,088)	-	-
Movements in Stores & Produce on Hand	(94,964)	(24,480)	3,679	(3,933)
Movement in Non-Invested Related Receivables	(931,819)	(20,449)	(34,916)	72,784
Movement in Non-Investing Related Payables	(338,541)	270,314	10,378	39,704
Movement in Milk Future Derivatives	187,080	(182,040)	-	-
Movement in Income Tax Payable	(351,024)	235,809	(351,024)	235,817
He Akina Limited - Share of Surplus	(4,179)	-	-	-
Operating Surplus From Tauhara Properties Ltd	(47,000)	(43,003)	(47,000)	(43,003)
Operating Surplus From Tauhara North Block	-	-	(41,401)	(43,745)
Cash Surplus (Deficit) From Operating Activities	<b>(90,760)</b>	<b>2,305,305</b>	<b>717,143</b>	<b>1,299,204</b>



## 1. Statement of Accounting Policies

### Reporting Entity

Opepe Farm Trust (the "Trust") is registered under the Te Ture Whenua Maori Land Act 1993.

The financial statements of Opepe Farm Trust are special purpose financial statements and have been prepared as required by the Trust Deed. The financial statements are for the Trust and the Group comprising the Trust, and its subsidiaries (Refer note 14).

### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust, except certain items for which specific accounting policies have been adopted.

The financial statements have been prepared on a going concern basis.

### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

#### a) Trade Receivables

Trade receivables are recognised at estimated realisable value.

#### b) Inventories

Inventories, other than livestock, are recognised at the lower of cost, determined on a first-in first-out basis, and net realisable value.

#### c) Property, Plant and Equipment

Property, Plant and Equipment is recognised at cost less aggregate depreciation, except for land and buildings. Land and buildings are valued at the latest Quotable Value less depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007, except for buildings which are depreciated based on their expected useful lives.

Expected useful lives of major asset categories are as follows:

Vehicles	3 - 8 years
Computer Equipment	2 - 7 years
Plant and Equipment	1 - 10 years
Buildings	1 - 100 years

#### d) Goods and Services Tax

The financial statements have been prepared on a GST exclusive basis, except for Accounts Receivable and Accounts Payable which are shown inclusive of GST.

#### e) Income Tax

The income tax expense charged to the Statement of Financial Performance is the current year's tax provision. Deferred tax accounting has not been adopted by the Trust.

#### f) Investments

Investments are shown at market value as at balance date, with the exception of Opepe Aquaculture Limited which are shown at their estimated realisable value. Opepe TM15 Partnership is shown at market value. Tauhara Properties Limited Partnership and He Akina Limited (From 1 April 2019) are investments in an associate which is accounted for using the equity accounting method. Opepe Farming Limited Partnership is an investment in a subsidiary and has been accounted for using the purchase method.



**g) Livestock**

All livestock on hand has been valued at current market value determined by Progressive Livestock Limited (2018: Current market value as determined by Central Livestock ). Changes in value are recorded in the statement of financial performance. For taxation purposes livestock are valued using the herd scheme and the national standard cost scheme.

**h) Basis of Consolidation - Purchase Method**

The consolidated financial statements, which include the parent Trust and its subsidiaries, these are accounted for using the purchase method. In the parent financial statements investments in subsidiaries are recognised in accordance with f) Investments.

**i) Revenue**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

**Significant revenue policies**

Milk income is recorded from the supplier statements. These statements are prepared monthly from milk collection records and recorded at the current market milk price as published by the entity supplied.

Rental and lease income is recognised in accordance with contractual arrangements.

Finance income comprises interest income on funds invested, changes in fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

**j) Milk Future Derivatives**

Milk Future derivative instruments are recognised at fair value on the balance sheet, with any gains or losses on those instruments going through profit and loss as an operating expense.

**Change in Accounting Policies**

There have been no changes in accounting policies during the current financial year. All policies have been applied on basis consistent with those used in previous years,

**2. Operating Revenue**

	<b>Group</b>		<b>Parent</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The total operating revenue for the year is composed of the following:				
Property Rental & Board Room Hire (Putea)	121,621	109,583	121,621	109,583
Farming Revenue	7,361,040	8,755,184	1,549,918	1,421,952
Forestry Revenue	247,013	324,373	247,013	324,373
Interest Received	3,710	17,243	2	2
Share of Profit (Opepe Tauhara Middle 15 P/Ship)	-	-	41,401	43,745
Capital Gain on Sale of Fixed Assets	-	-	-	-
Share of Profit (Tauhara Properties LP)	47,000	43,003	47,000	43,003
Share of Profit (He Akina Limited)	4,179			
Other Income	14,283	7,249	14,131	6,465
Gain on financial instruments	15,885	-	-	-
	<u>7,814,730</u>	<u>9,256,635</u>	<u>2,021,085</u>	<u>1,949,123</u>
Less Revenue from Tauhara North Block	46,500	77,000	41,401	43,745
Less Operating Expenses	5,174,943	5,185,515	257,358	118,560
Surpluses (Deficits) From Operations per Statement of Financial Performance	<u>2,593,287</u>	<u>3,994,120</u>	<u>1,722,325</u>	<u>1,786,818</u>



### 3. Livestock on Hand

	Group			
	2019 Qty	2019 Value \$	2018 Qty	2018 Value \$
Sheep	7,767	1,588,585	7,637	1,266,960
Beef Cattle	1,317	868,750	714	712,800
Dairy Cattle	2,853	3,407,550	2,719	3,816,660
	<u>11,937</u>	<u>5,864,885</u>	<u>11,070</u>	<u>5,796,420</u>

### 4. Milk Futures Derivatives

	Group	
	2,019	2,018
Milk Futures	<u>(5,040)</u>	<u>182,040</u>

For the 2019 year the amount recognised as revenue in the Statement of Financial Performance was \$15,886 (2018: 103,740).

At 30 June 2019 Opepe Farming Limited Partnership has 129 contracts at 6,000 units per contract. Of these 101 expire on 30 September 2019 and 28 expire on 30 September 2020. At 30 June 2019 the 101 contracts expiring 30 September 2019 were priced at \$6.40 with a market value of \$3,878,400 and the 28 contracts expiring on 30 September 2020 were priced at \$6.78 with a market value of \$1,139,040. The total market value of all contracts at 30 June 2019 was \$5,017,440.

At 30 June 2018 Opepe Farming Limited Partnership had 48 contracts at 6,000 units per contract, expiring 1 October 2018. At 30 June 2018 the 48 contracts expiring 1 October 2018 were priced at \$6.75, with a market value of \$1,944,000 and the 44 contracts expiring 30 September 2019 were priced at \$6.52, with a market value of \$1,803,120. The total market value of all contracts at 30 June 2018 was \$3,747,120.

### 5. Equity

	Group		Parent	
	2019	2018	2019	2018
<b>Capital</b>				
Balance at beginning of year	260,451	260,451	260,451	260,451
Balance at year end	<u>260,451</u>	<u>260,451</u>	<u>260,451</u>	<u>260,451</u>
<b>Revaluation Reserves</b>				
<b>Asset Revaluation Reserve</b>				
Balance at beginning of year	36,385,342	36,125,682	36,384,589	36,125,683
Movement in revaluation reserves	135,267	259,660	130,133	258,906
Less minority share of movement	-	-	-	-
Balance at year end	<u>36,520,610</u>	<u>36,385,342</u>	<u>36,514,722</u>	<u>36,384,589</u>
<b>Capital Reserve</b>				
Balance at beginning of year	3,381,432	3,353,432	3,381,432	3,353,432
Capital gains	71	28,000	71	28,000
Balance at year end	<u>3,381,502</u>	<u>3,381,432</u>	<u>3,381,503</u>	<u>3,381,432</u>
<b>Total Revaluation Reserves</b>	<u>39,902,113</u>	<u>39,766,774</u>	<u>39,896,226</u>	<u>39,766,021</u>
<b>Retained Earnings</b>				
Balance at beginning of year	14,623,981	11,955,540	10,985,134	10,464,217
Net surplus attributable to parent trust beneficiaries	749,433	2,668,441	612,936	520,917
Balance at year end	<u>15,373,414</u>	<u>14,623,981</u>	<u>11,598,070</u>	<u>10,985,134</u>
<b>Total Equity to Parent Trust Beneficiaries</b>	<u>55,535,978</u>	<u>54,651,206</u>	<u>51,754,747</u>	<u>51,011,606</u>

	<b>Group</b>		
	<b>2019</b>	<b>2018</b>	
<b>Non-controlling Interest</b>			
Balance at beginning of year	704,595	717,660	
Surplus attributable to non-controlling interests	10,350	10,936	
Share of revaluation of property	-	-	
Distributions to non-controlling interests	(11,000)	(24,001)	
Balance at year end	<u><u>703,945</u></u>	<u><u>704,595</u></u>	-

## 6. Bank of New Zealand

The Group has overdraft facilities totalling of \$400,000 (2018: \$400,000) and a loan facility available of \$1,954,552 (2018: \$1,954,552) with the Bank of New Zealand. The overdraft facility provides seasonal finance for the Trust and the loan facility was obtained to provide funding for the dairy conversion project. The overdraft and loan facility are secured over property owned by the Trust, and investment securities issued by Fonterra Co-Operative Group. The total amount drawn down at balance date was \$1,049,552 (2018: \$1,354,552). The Trust has guarantees to Tuwharetoa Carbon Limited, refer to note 9.

Opepe Farm Trust has provided the BNZ with a perfected security interest over all present and after acquired property. Opepe Farm Trust has also provided a \$4,690,000 (30 June 2018: \$4,290,000) guarantee to the BNZ in relation to the borrowings by the Opepe Farming Limited Partnership.

Opepe Farming Limited Partnership has provided the BNZ with a perfected security interest over all present and after acquired property. Opepe Farming Limited Partnership has also provided a \$800,000 guarantee to the BNZ in relation to borrowings by the Opepe Farm Trust.

Opepe Farm Trust has BNZ credit card facilities of \$5,000 (2018: \$5,500). The credit card facility is unsecured and the interest rate on any overdue balance is 18.95% (2018: 18.95%).

## 7. Related Parties

### Opepe TM15 Partnership

The Trust and Tauhara Middle 15 Trust are co-owners in the Tauhara North Farm. The Trust has a 80% interest in the Partnership.

### Opepe Farming Limited Partnership

The Trust has a 100% ownership interest in Opepe Farming Limited Partnership. The general partner of Opepe Farming Limited Partnership is Opepe General Partner Limited.

### Tauhara Properties Limited Partnership

The Trust has a 50% ownership interest in Tauhara Properties Limited Partnership. Te Pae O Waimiha owns the other 50% of Tauhara Properties Limited Partnership. Ngahere Wall and William Wall are also trustees of Te Pae O Waimiha. Opepe Properties Limited is the general partner of Tauhara Properties Limited Partnership.

### Opepe Aquaculture Limited

The Trust has a 100% ownership interest in Opepe Aquaculture Ltd.

### Sea Products Limited

Opepe Aquaculture Limited has a 50% ownership interest in Sea Products Limited.



#### Lake Taupo Forest Trust Management Limited

The Trust leases land to Lake Taupo Forest Management under a Memorandum of transfer granting a forestry right. Charlotte Severne is a director of Lake Taupo Forest Management Limited and a Trustee of the Trust. Lake Taupo Forest Management Limited is owned 70% by Lake Taupo Forest Trust and 30% by Lake Rotoaira Forest Trust. Heemi Biddle and Charlotte Severne are Trustees of Lake Rotoaira Forest Trust and The Trust. Heemi Biddle is also a Trustee of Lake Taupo Forest Trust.

Lake Taupo Forest Trust, Lake Rotoaira Forest Trust and the Trust have beneficial owners in common.

#### He Akina Limited

Opepe Farm Trust owns 33% of He Akina Limited. He Akina Limited provide accounting and administrative services to Opepe Farm Trust and its subsidiaries.

### 8. Income Tax

Livestock have been valued using a mixture of Herd Scheme and National Standard Cost.

	Group		Parent	
	2019	2018	2019	2018
<b>Calculation of Taxable Profit:</b>				
Accounting Profit Before Taxation	950,963	3,067,591	804,117	909,131
<b>Adjust for:</b>				
Permanent Differences	(80,523)	155,402	85,175	155,402
Timing Differences	222,019	(1,004,630)	56,138	(58,769)
Share of Profit from Associates & Subsidiaries	-	-	147,028	1,212,599
<b>Profit for Taxation Purposes</b>	<u>1,092,458</u>	<u>2,218,364</u>	<u>1,092,458</u>	<u>2,218,364</u>
<b>Tax Reconciliation</b>				
Tax Payable @ 17.5%	191,180	388,214	191,180	388,214
RWT Paid	(657)	(584)	(657)	(584)
Imputation Credits	(42)	(19)	(42)	(19)
Provisional Tax Paid/Tax Credit	<u>(280,718)</u>	<u>(126,824)</u>	<u>(280,718)</u>	<u>(126,824)</u>
<b>Taxation Payable/(Refund)</b>	<u>(90,237)</u>	<u>260,787</u>	<u>(90,237)</u>	<u>260,787</u>
<b>Income Tax in the Statement of Financial Performance is represented by:</b>				
Tax payable on current years profit	191,180	388,214	191,180	388,214
Prior year tax adjustment	-	-	-	-
	<u>191,180</u>	<u>388,214</u>	<u>191,180</u>	<u>388,214</u>

### 9. Contingent Liabilities

Opepe Farm Trust has assigned guarantees to Tuwharetoa Carbon Trust Limited under Deeds of Assignment from Westpac Bank and Dorchester Finance in relation to advances made to Te Whenua Venture Holdings Limited. The Trustees are contesting the validity of these guarantees, which is supported by the legal opinion received by the Trustees. The timing and the amount of any liability under the guarantee is unknown at balance date.

The entity has gained emission credits ("New Zealand Units" or "NZU's") and will incur liabilities through the Emissions Trading Scheme (ETS). The entity has applied and received credits on its post 1989 plantations. Should the plantation be deforested, a liability would be incurred unto a maximum of the credits received. At balance date the Trust holds 63,480 NZU's (2018: 63,480).

**10. Property, Plant and Equipment**

	Group		Parent	
	2019	2018	2019	2018
<b>Land and Buildings</b>				
Cost or Valuation	50,436,209	49,004,255	47,025,986	45,594,032
Depreciation Expense	569,617	526,362	560,193	516,613
Accumulated Depreciation	4,841,768	4,272,152	4,781,192	4,220,999
Closing Book Value	<u>45,594,440</u>	<u>44,732,103</u>	<u>42,244,794</u>	<u>41,373,033</u>
<b>Plant and Equipment</b>				
Cost or Valuation	1,857,780	1,728,703	24,485	4,660
Depreciation Expense	132,376	129,968	1,801	976
Accumulated Depreciation	1,082,719	957,890	3,530	1,729
Closing Book Value	<u>775,061</u>	<u>770,813</u>	<u>20,955</u>	<u>2,931</u>
<b>Motor Vehicles</b>				
Cost or Valuation	650,502	440,694	-	-
Depreciation Expense	94,559	63,802	-	-
Accumulated Depreciation	184,284	130,612	-	-
Closing Book Value	<u>466,218</u>	<u>310,082</u>	<u>-</u>	<u>-</u>
<b>Office Equipment</b>				
Cost or Valuation	107,006	104,088	105,299	102,380
Depreciation Expense	2,651	3,279	2,497	3,074
Accumulated Depreciation	87,523	84,872	86,277	83,780
Closing Book Value	<u>19,483</u>	<u>19,216</u>	<u>19,021</u>	<u>18,600</u>
<b>Total Property, Plant &amp; Equipment</b>				
Cost or Valuation	53,051,497	51,277,740	47,155,770	45,701,072
Depreciation Expense	799,204	723,411	564,491	520,663
Accumulated Depreciation	6,196,294	5,445,526	4,870,999	4,306,508
Closing Book Value	<u>46,855,204</u>	<u>45,832,214</u>	<u>42,284,770</u>	<u>41,394,564</u>

**11. Land and Buildings**

Land and buildings owned by the Group, have been revalued to the latest Quotable Values as at July 2016.

**12. Investments**

	Group		Parent	
	2019	2018	2019	2018
Alliance Shares	26,704	20,145	887	887
Livestock Improvement Corporation	3,365	2,782	-	-
Emission Trading Units	1,469,562	1,339,428	1,469,562	1,339,428
Forestry	80,000	80,000	-	-
He Akina Limited	4,179	-	-	-
Taupo Saleyards Limited	875	875	875	875
Balance Agri-Nutrients Limited	365,715	365,715	365,715	365,715
Ravensdown Corporation Limited	43,257	43,257	43,257	43,257
King Country Energy Limited	-	4,354	-	4,354
Farmlands	4,295	4,295	4,295	4,295
Taonga (Refer to Note 16)	20,000	20,000	20,000	20,000
Sea Products Limited	94,834	93,070	-	-
Tauhara Properties Limited Partnership	536,911	544,233	536,911	544,233
	<u>2,649,697</u>	<u>2,518,154</u>	<u>2,441,502</u>	<u>2,323,044</u>



Tauhara Properties Limited Partnership - Equity Accounted Investment				
Opening balance	544,233	584,652	544,233	584,652
Distribution paid during the year	(54,321)	(83,422)	(54,321)	(83,422)
Equity Accounted Share of NPAT	47,000	43,003	47,000	43,003
Closing Balance	<u>536,911</u>	<u>544,233</u>	<u>536,911</u>	<u>544,233</u>

He Akina Limited Partnership - Equity Accounted Investment				
Opening Balance	-	-	-	-
Purchase Cost of Investment	-	-	-	-
Equity Accounted Share of NPAT	4,179	-	-	-
Closing Balance	<u>4,179</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 13. Loans to Subsidiaries

	Parent 2019	Parent 2018
Opepe Farming Limited Partnership	<u>3,023,078</u>	<u>3,814,748</u>
	<u>3,023,078</u>	<u>3,814,748</u>

The loan to Opepe Farming Limited Partnership is interest free. The loan is not expected to be repaid in the next 12 months.

### 14. Investments in Subsidiaries

Subsidiaries	Percentage Held		Parent	
	2019	2018	2019	2018
Opepe TM15 Partnership (Land Owner)	80%	80%	2,833,757	2,836,356
Opepe Aquaculture Ltd (Investment/Holding Company)	100%	100%	94,834	93,070
Opepe Farming Limited Partnership	100%	100%	<u>2,000,000</u>	<u>2,000,000</u>
			<u>4,928,591</u>	<u>4,929,426</u>

The Opepe TM 15 Partnership owns the land known as Tauhara North. Opepe Farm Trust has an 80% interest in the partnership. The property was revalued to the latest valuation for rating purposes on 1 July 2016, and the forestry crop is held at estimated market value of \$80,000.

### 15. Nitrate Position

	2019	2018
The Nitrate Discharge Allowances are as follows (Units Per Hectare):		
Opepe Dairy Farm	22	22
Opepe No 1 Farm	13	13
Tauhara North Farm	16	16

The Trust has kept within the allocated allowances.

### 16. Taonga

The Trustees have previously approved the purchase of historical paintings of Opepe beneficiaries by Captain Ryan. These Taonga are on loan to the Taupo Art Gallery.

## 17. Events Subsequent to Balance Date

Purchase of Milk Futures:

Subsequent to balance date Opepe Farming Limited Partnership entered into milk price future contracts for 30,000 kilograms of milk solids at a weighted average price of \$6.82 for the 2020 season. For the 2019/2020 season Opepe Farming Limited Partnership has milk futures covering 198,000 KgMS for an average price of \$6.74.

## 18. Lease Commitments

	Group		Parent	
	2019	2018	2018	2017
Less than one year	85,547	85,547	-	-
Two to five years	85,547	171,094	-	-
	<u>171,094</u>	<u>256,642</u>	<u>-</u>	<u>-</u>

## 19. Commitments for Capital Expenditure

The Trust is committed to the following capital expenditure at balance date:

Completing construction of a house at 906 State Highway 5	9,895
4 Bay Pole Shed	20,000
	<u>29,895</u>

In addition to the house, the Trust and Opepe Farm Trust has budgeted on the following capital expenditure for the 2019 financial year:

Motor Vehicles	198,500
Plant & Equipment	219,200
Buildings	150,000
Land Improvements	420,000
	<u>987,700</u>

At 30 June 2018 the commitments for capital expenditure were as follows.

The Trust has entered into an agreement to construct a house at 906 State Highway 5, Taupo. The cost of the house is \$384,000.

In addition to the house, the Trust and Opepe Farm Trust has budgeted on the following capital

Motor Vehicles	143,700
Plant & Equipment	246,950
Buildings	1,019,303
Tree Planting	20,000
Land Improvements	1,116,125
	<u>2,546,078</u>



**INDEPENDENT AUDITOR'S REPORT****To the Beneficial Owners of Opepe Farm Trust****Qualified Opinion**

We have audited the special purpose financial statements of Opepe Farm Trust and its controlled entities (the Trust and Group) on pages 3 to 14, which comprise the separate and consolidated statement of financial position as at 30 June 2019, and the separate and consolidated statement of financial performance, separate and consolidated statement of movements in equity, and separate and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of the Trust and Group as at 30 June 2019, and its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with the accounting policies set out in Note 1 of the financial statements.

**Basis for Qualified Opinion**

The statement of financial position of Opepe Farm Trust and the Group records a liability balance of \$429,590 for unclaimed dividends. We were unable to obtain sufficient appropriate audit evidence about the individual dividend entitlements making up the unclaimed dividends balance, due to the inability to identify the original dividend declaration that created this entry, as the share register had not been accurately maintained prior to 2010. Consequently, we were unable to determine whether any adjustments to the amount were necessary.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements* section of our report. We are independent of the Trust and Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm has carried out other assignments for the Trust in the area of human resource consultancy. The firm has no other interests in Opepe Farm Trust or any of its controlled entities.

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### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution**

We draw attention to Note 1 to the special purpose consolidated financial statements, which describes the basis of accounting. The special purpose consolidated financial statements are prepared to assist Opepe Farm Trust to meet the provisions of the Trust Deed. As a result, the special purpose consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Trust and Group and should not be distributed to parties other than the Trust and Group and its beneficial owners. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Trustees for the Special Purpose Consolidated Financial Statements**

The Trustees are responsible on behalf of the entity for the preparation of the special purpose consolidated financial statements in accordance with the accounting policies set out in Note 1 of the financial statements and for such internal control as the Trustees determine is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the Trustees are responsible for assessing the Trust and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust and Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust and Group's internal control.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust and Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Crowe New Zealand Audit Partnership**  
CHARTERED ACCOUNTANTS  
3 December 2019





# NGA MIHI KI NGA KAITAUTOKO




Te Puawaitanga Kohanga Reo



TKKM o Whakarewa i te reo ki Tuwharetoa





**OPEPE FARM TRUST  
ANNUAL GENERAL MEETING  
14 DECEMBER 2019  
TE KURA KAUPAPA MĀORI O WHAKAREWA  
I TE REO KI TUWHARETOA,  
56 WAIKATO STREET, TAUPŌ**